

# Highlights from IBO's Updated Tables on New York City Residents' Income & Income Tax Liability in 2023

The New York City Independent Budget Office (IBO) presents data on income and New York City's Personal Income Tax (PIT) liability for full-year New York City residents in calendar year 2023. This is the most recent addition to [IBO's series of annual PIT files](#) dating back to 2006. Tables include details on:

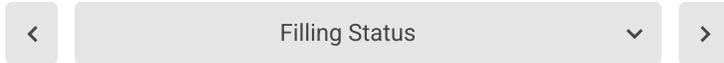
- Demographics
- Types of income
- Itemized deductions
- Tax credits
- Tax liabilities disaggregated by nominal income and by income deciles and percentiles.

IBO's data comes from the 2023 annual file of New York PIT returns from the New York State Department of Taxation and Finance, which is the most recent file made available to researchers. In 2023, 3.9 million tax returns were filed by New York City residents. IBO presents aggregate tax filing information, but tax returns cannot speak to the individual choices made about filing status, itemization, claimed deductions, and the realization of capital gains, nor can filers in the data be tracked year-to-year. Below, IBO identifies key findings based on the new 2023 PIT records, including:

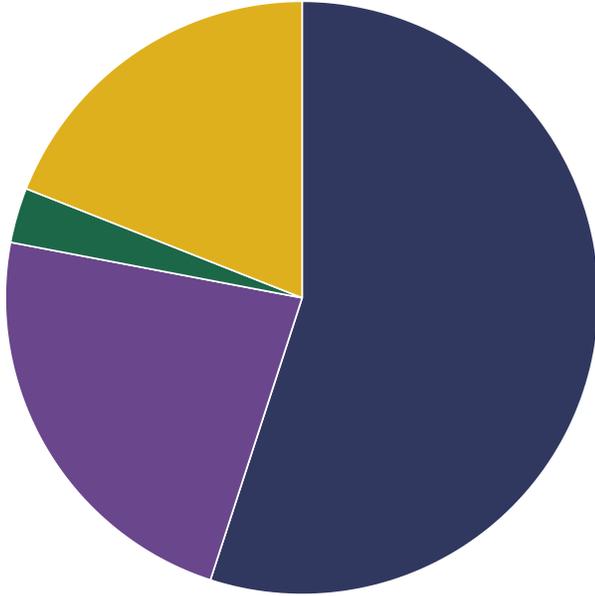
- In 2023, the median adjusted gross income (AGI) for New York City filers was \$42,749 and more than 90% of filers had an AGI of less than \$170,000.
- 2021 was an anomalous year with extremely high realized capital gains, pushing some metrics (including the number of millionaire filers) up; 2022 and 2023 represent a return to more typical historical patterns.
- The City's PIT is its second largest tax revenue source, after the Real Property Tax. The City's PIT features slightly progressive increasing marginal tax rates across four tax brackets. The City's top PIT rate applies uniformly to AGI above roughly \$60,000, depending on filing status. In comparison, the State's PIT is its largest revenue source, with higher and more progressively increasing rates across nine brackets that peak for AGI above \$25 million.

Figure 1

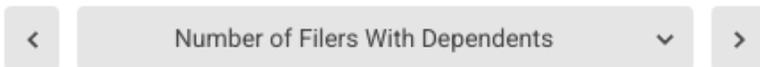
## Snapshot of New York City Tax Filers in 2023



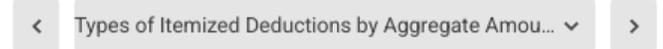
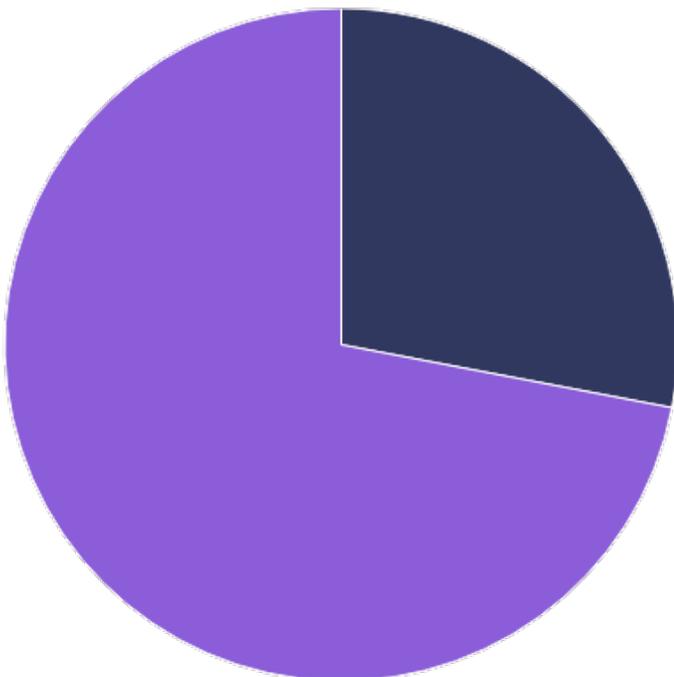
- Single
- Married Filing Jointly
- Married Filing Separately
- Head of Household



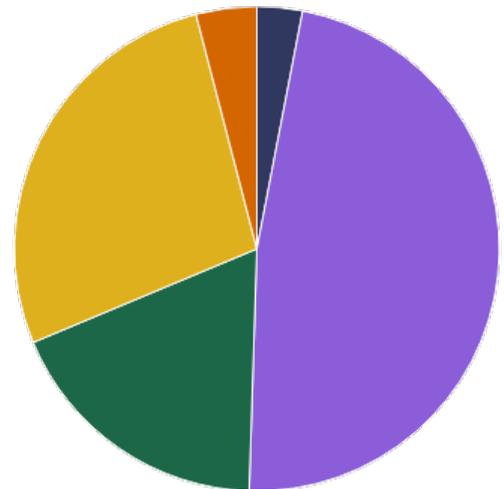
- The largest group and majority of tax filers in New York City file as Single, at 55%, followed by Married Filing Jointly (23%).
- The clear majority of 2023 aggregate income among New York City filers is in the form of wages and salaries, at 69%. Realized capital gains income and interest and dividend income each comprises 9% of aggregate income.
- The category “Other” under Types of Income includes personal business income, unemployment compensation, some retirement payments, some prior year tax refunds, gambling winnings, and alimony.
- Slightly more than 1 in 4 New York City filers listed a dependent on their tax return (28%).
- Most New York City filers (88%) took the standard deduction rather than itemizing deductions. The 12% who itemized deductions were typically toward the higher end of the income distribution.
- The largest components of itemized deductions are from state and local taxes (SALT) at 47% and charitable contributions at 27%.



- With Dependents
- Without Dependents

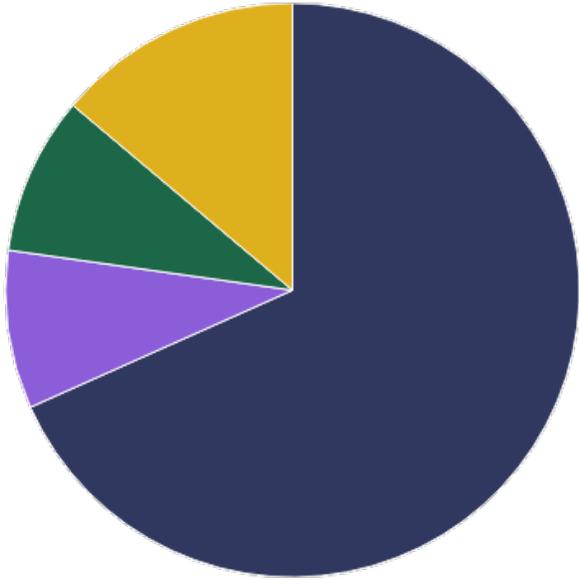


- Medical Expenses
- State and Local Taxes
- Interest Payments
- Charitable Contributions
- Job Expenses



< Types of Income by Aggregate Amounts >

- Wages and Salaries
- Dividends and Interest
- Realized Capital Gains
- Other



< Number of Filers Itemizing Deductions >

- Itemizing
- Not Itemizing

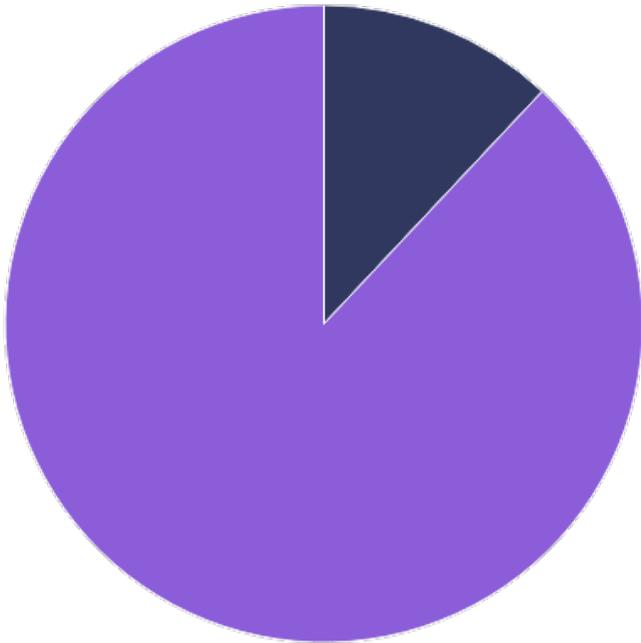


Figure 2

### The New York City Income Distribution

Dollars in Thousands

- The median AGI for New York City filers in 2023 was \$42,749.
- Over 90% of New York City filers reported an AGI of less than \$170,000 in 2023.
- The top 1% (percentile 100) of the New York City income distribution begins at an AGI of \$906,677 (the highest amount shown on the graph) and tops out at more than \$5 billion in 2023.

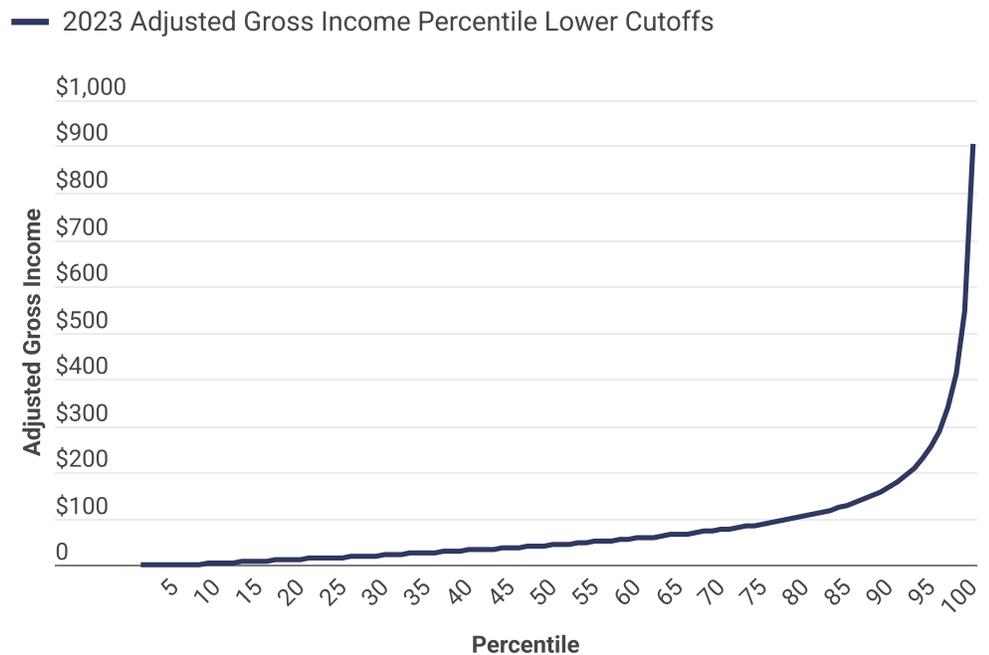
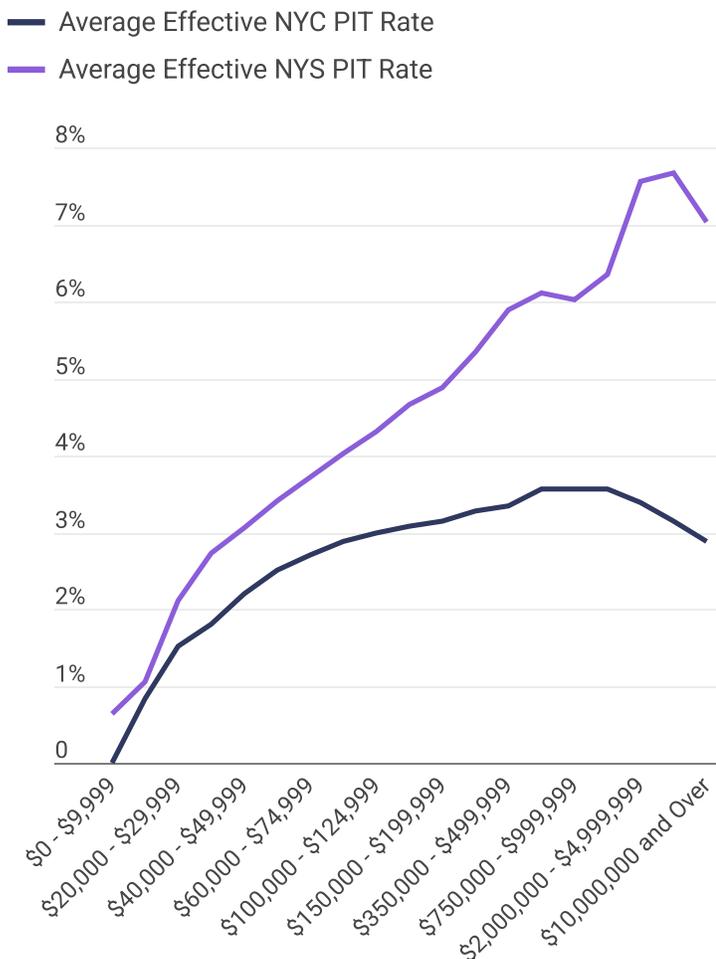


Figure 3

### Average 2023 PIT Effective Tax Rates



- Average effective PIT rates (defined as PIT liability divided by income) tend to increase with AGI for both New York City and New York State liability, reflecting a generally progressive tax structure.
- Effective PIT rates decline slightly at the top of the income distribution, however. This in part reflects very high-income filers' ability to decrease their liability through tax reduction strategies such as deductions and credits, including the Pass-Through Entity Tax (PTET).
- New York City's PIT has four tax brackets, with the highest rates applying to AGIs around \$60,000 or higher. For every New York City filer with an AGI in the fourth bracket, every additional dollar is taxed by the City at the same rate.
- The City's effective rates rise less steeply than the State's. For comparison, New York State's PIT has nine tax brackets, with the highest rates applying to incomes starting at \$25 million AGI.

Figure 4

### Number of New York City Residents Filing Returns Rebounded in 2023

- The number of full-year New York City residents filing tax returns rebounded to 3.91 million in 2023 from a low of 3.85 million in 2022, after having fallen from the peak of 4.12 million in 2020.
- Compared with 2022, about 55,000 fewer 2023 filers reported an AGI below \$50,000 while every higher income category saw an increase in the number of filers.

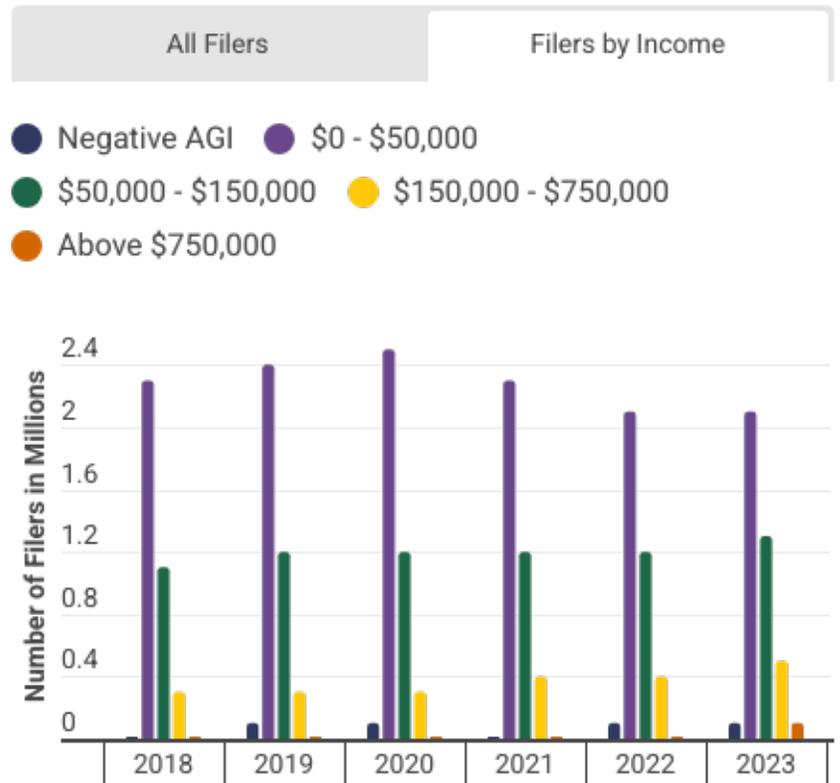
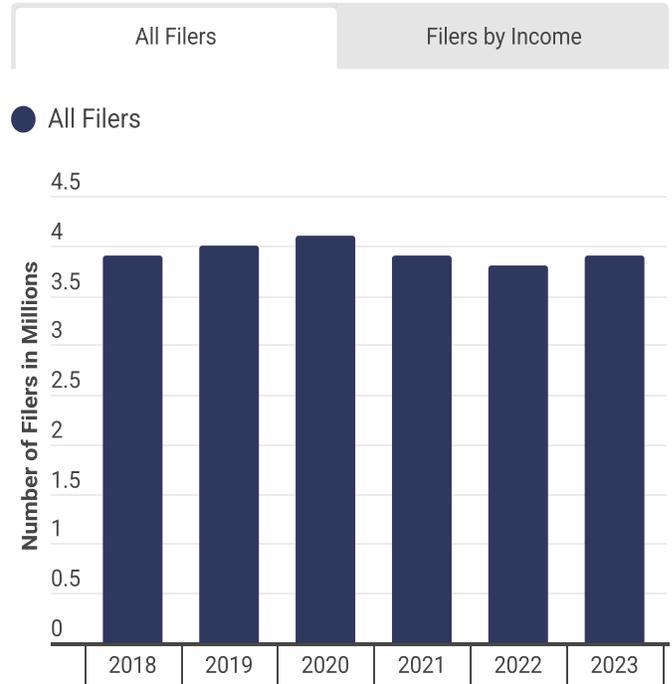
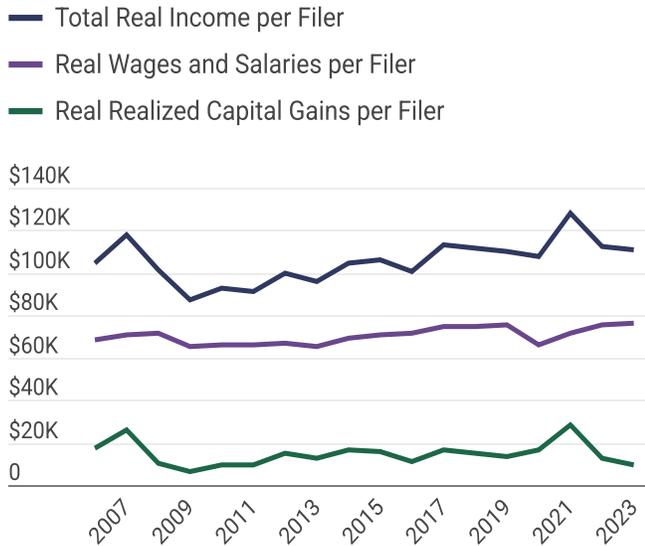


Figure 5

### Average Real Income Declined Slightly in 2023 Due to Lower Capital Gains



- Average filer real AGI in 2023 was about \$110,600, lower than in 2022 (\$112,200) and 2021 (\$128,000).
- Real income from wages and salaries increased slightly, rising from \$71,700 per filer in 2021 to \$75,700 in 2022 and to \$76,100 in 2023.
- Real income from realized capital gains decreased from \$28,300 per filer in 2021 to \$12,400 in 2022 and \$9,500 in 2023, largely driving the decline in total real income per filer.

Figure 6

### Millionaire Filers' Share of AGI and City PIT Liability in 2023 Returns to Historical Levels After 2021 High

- IBO defines millionaire filers as filers with an AGI of at least \$1 million. The shares of overall income (measured through AGI) and overall Personal Income Tax liability attributable to millionaire filers hit a high in 2021 at 43% and 48%, respectively, driven largely by realized capital gains income from the strong stock market in that year.
- These shares declined to 35% and 39% in 2022, and 33% and 37% in 2023. Though on the lower end relative to recent past years, 2023 values of millionaire filers are in line with historical trends.

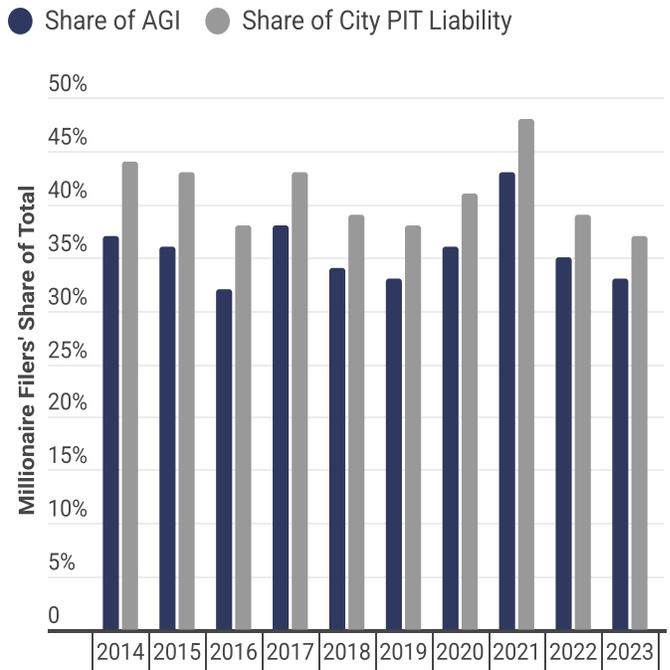
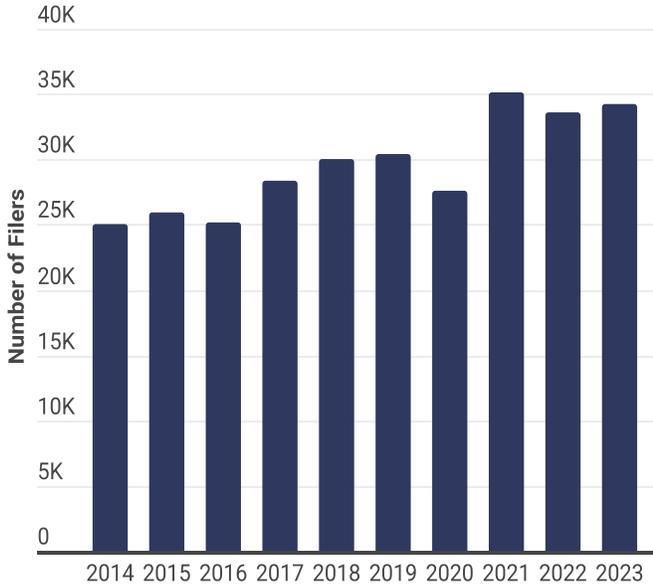


Figure 7

### Count of Millionaire Filers in New York City Holding Steady in Recent Years

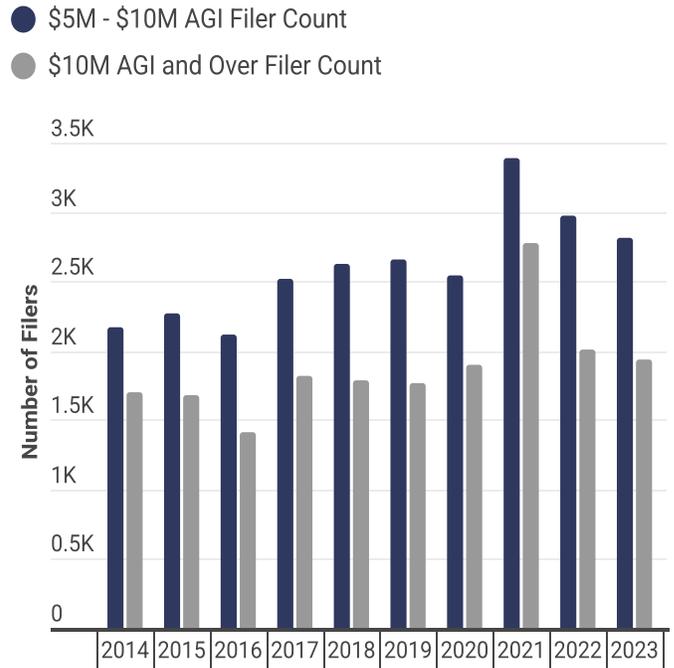


- Although not quite as high as in 2021, when the count of millionaire filers went over 35,000, the number of millionaire filers hovered around 34,000 in 2022 and 2023.
- Because of the substantial inflation that occurred starting in 2021, the decrease in value represented by \$1 million is more pronounced starting in 2021 than it was in prior years.
- It is not surprising, therefore, that the number of millionaire filers was higher in 2022 and 2023 than in all years prior to 2021. The shares of PIT liability attributable to millionaire filers, however, was not higher in 2022 and 2023 than in all years prior to 2021.

Figure 8

### Count of Filers in New York City with Above \$5 Million AGI in Line with Historical Levels After 2021 Outlier Year

- The counts of filers reporting between \$5 and \$10 million in AGI and over \$10 million were anomalously high in 2021 (when realized capital gains peaked) and 2022 remained somewhat elevated.
- The counts of filers with AGI between \$5 and \$10 million and over \$10 million returned to more historically consistent levels in 2023 but are still higher than counts in 2020 or years prior.



## Sources & Notes

### Figure 1-8

SOURCE: IBO analysis of New York State Personal Income Tax returns data

### Figure 1

NOTES: Filers under status Widowed (0.05%) are not included in the Filing Status graph due to the small size of this filer group. Income defined by New York AGI.

### Figure 2

NOTES: Income defined as New York AGI. The graph shows the lower cutoff value for each percentile.

### Figure 3

NOTES: Income defined as New York AGI. Effective tax rates are defined as a filer's liability after credits divided by their AGI, excluding filers with zero or negative liability. The average effective rate is the average of individual filers' effective rates in each AGI bin.

### Figure 4

NOTE: Income defined as New York AGI.

### Figure 5

NOTES: Income defined as New York AGI. Inflation adjusted using the Consumer Price Index for All Urban Consumers: New York-Newark-Jersey City, NY-NJ-PA.

### Figure 6

NOTES: Millionaire filers refers to filers with \$1 million or greater New York AGI. Liability is calculated before credits are applied.

### Figure 7

NOTE: Filers with \$1 million or greater New York AGI.

### Figure 8

NOTE: Income defined as New York AGI.

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